



# ASX Release

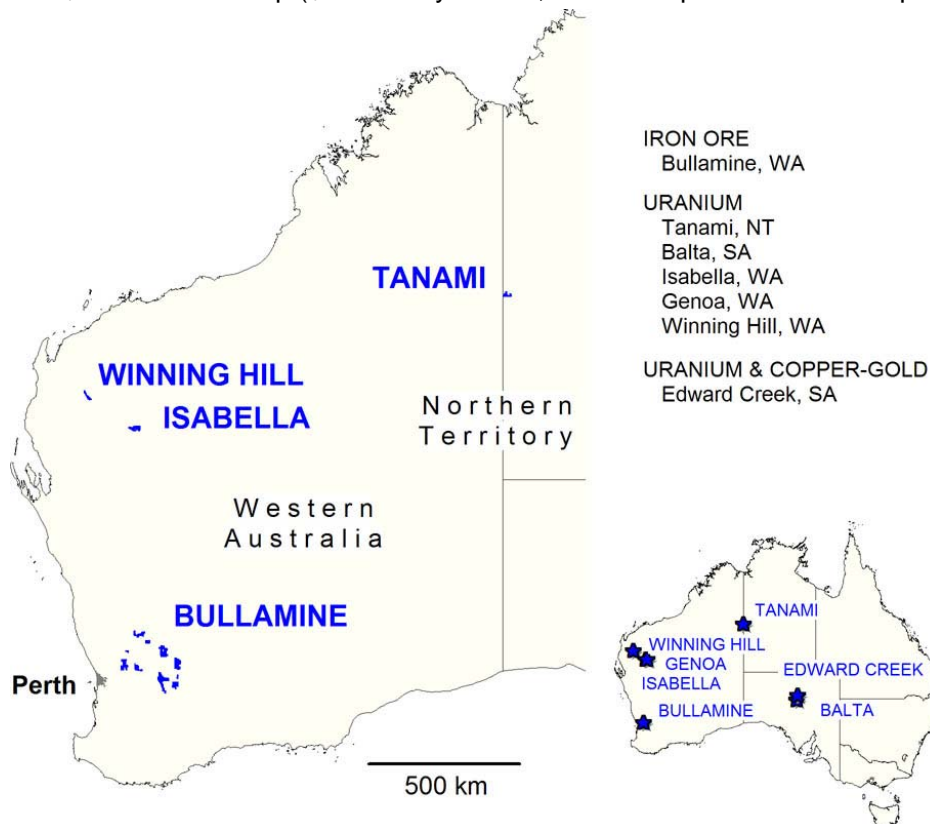
ASX Code: RLC

30 April 2010

## Quarterly Report for the period ended 31 March 2010

### SUMMARY

- Potential for large tonnage iron-ore targets associated with magnetite schists identified at Kell 3 and Kell 7, Bullamine
- Wattering magnetic anomaly identified as a potential iron-ore target on E70/3462 (Bullamine)
- Drilling at Bollo iron-ore target (Bullamine) delayed by approvals process
- Expansion of Bullamine iron-ore project to comprise 3,641 km<sup>2</sup> now under tenure and application
- Corporate:
  - \$1.63 M cash on deposit (nil debt) at 31 March 2010
  - 48.6 M issued shares (13.85 M options, average exercise price 30 cents)
  - \$2.9 M market cap (\$3.7 M fully diluted, at 6 cents per share on 28 April 2010)



## CURRENT EXPLORATION ACTIVITES

### **Bullamine (WA)**

**Iron**

RLC 100% : E70/2846 & 3462

Applications: E70/3766, 3767, 3768, 3769, 3770, 3771, 3772, 3773, 3774, 3805 & 3806.

RLC 100% Bulla JV (provides interest in iron only) (E70/2719 & E70/2720)

Processing and interpretation of open file geophysical data progressed over parts of E70/3462, Kell 3 (applications E70/3767 & E70/3768) and part of Kell 7 (application E70/3772).

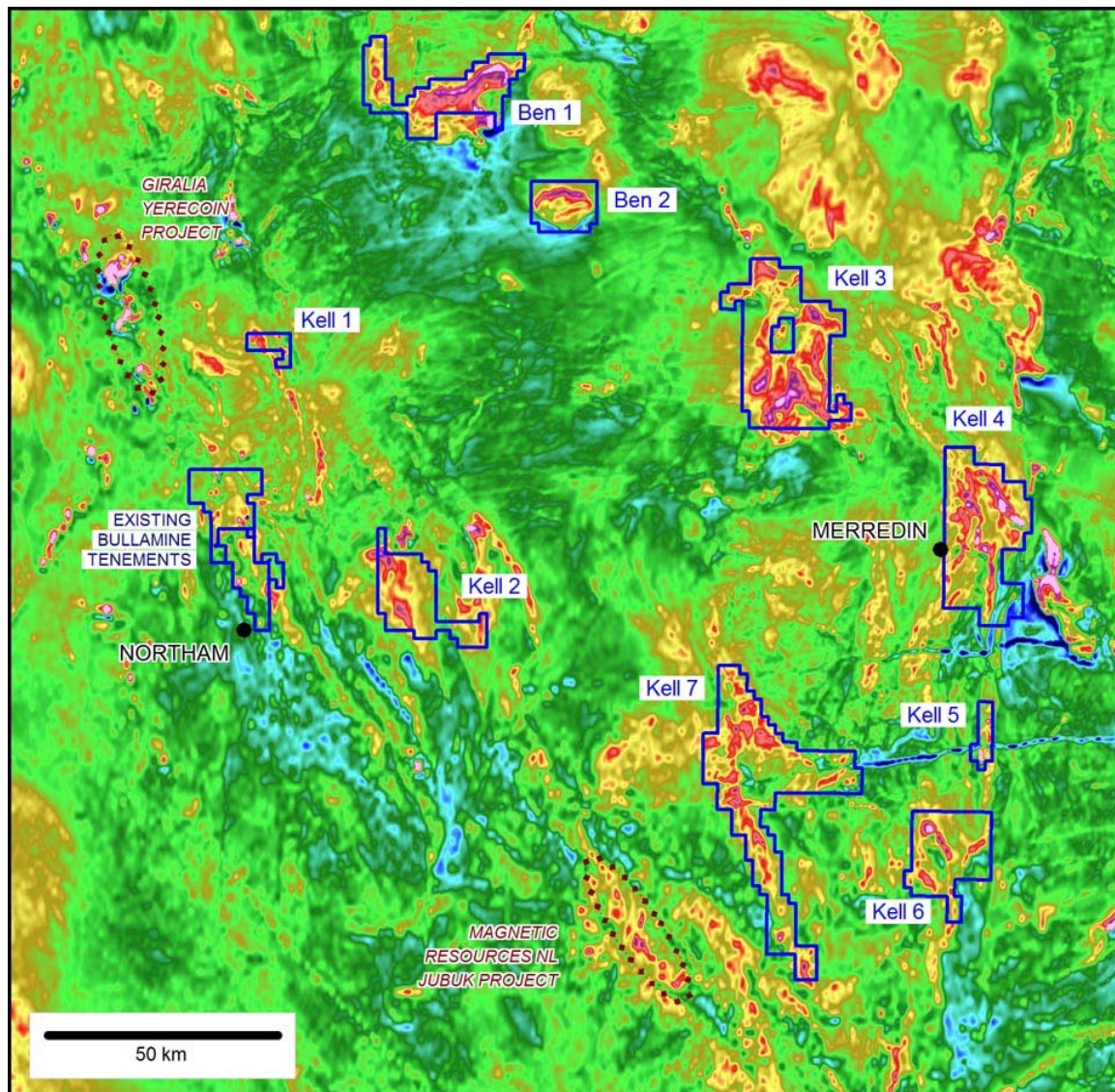
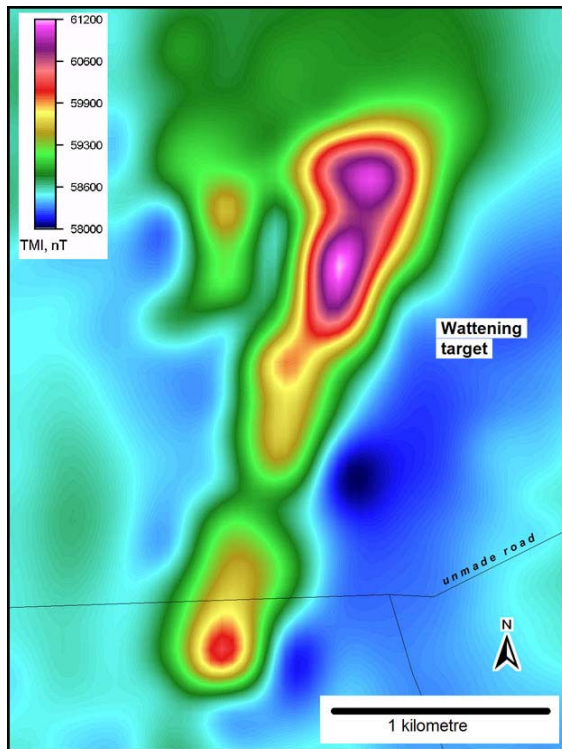
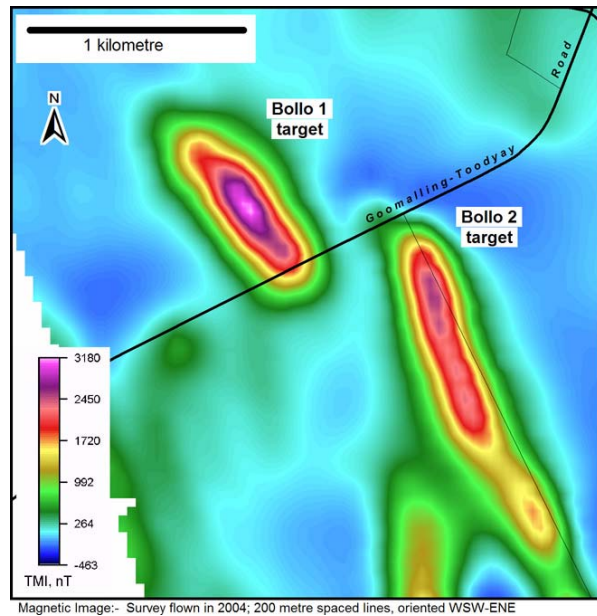


Figure 1. Reedy Lagoon Corporation Limited tenements (including RLC's applications over KELL 1 to 7 and Ben 1 & 2) in the Northam area in south west of WA are shown in blue outline. Tenements are shown draped over regional magnetic data (in places at 1.6 kilometre line spacing). Other projects exploring for iron-ore in the area include Yerecoin (Giralia Resources NL (ASX:GIR)) and Jubuk (Magnetic Resources NL (ASX:MAU)).

The available data covers approximately 70% of E70/3462 at 250 line spacing flown north south. Within the area surveyed a magnetic anomaly (Wattering) measuring in excess of 1,000 metres in length has been selected for ground investigation (figure 2). Ground follow up is also planned to investigate a magnetic anomaly located on E70/3462 interpreted in regional magnetic data but located outside the area covered by the more detailed survey.



Magnetic Image:- Survey flown in 1996; 250 metre spaced lines, oriented north-south  
**Figure 2. Wattering target, evident in 250 metre line spaced magnetic data. (E70/3462)**



Magnetic Image:- Survey flown in 2004; 200 metre spaced lines, oriented WSW-ENE

**Figure 3. Bollo targets, evident in 200 metre line spaced magnetic data. Preliminary drilling is planned. (E70/3462)**

In the Kell 3 area, narrow Banded Iron Formations ("BIFs"), some of which have been confirmed by past drilling which targeted gold mineralisation, are evident in magnetic survey data (150 metre line spaced). The magnetic data suggests these BIFs have a strike extent of approximately 23 kilometres within Kell 3. High amplitude magnetic anomalies were also identified in areas where granite is mapped. Magnetic susceptibilities of magnetite schists, identified by previous explorers occurring within the magnetic granite, include values up to  $10,000 \times 10^{-5}$  SI. These values suggest potential for the rocks to have high magnetite, and therefore high iron, content. Past drilling within the Kell 3 area has also intersected magnetite schists, samples of which have assayed greater than 20% iron. RLC considers the highly magnetic granite and magnetite schists may contain sufficient iron to potentially provide a large tonnage feedstock for beneficiation to magnetite concentrates.

Potential for gold mineralisation associated with BIFs at Kell 3 is evidenced by rocks grading 2.15 g/t gold intersected over 12 metres by CRA Exploration Pty Ltd in RAB drilling between 1991 and 1993. The intersection was recovered in a bore hole drilled in the ground now held by Rubicon Resources NL and located in the central part of Kell 3. A two kilometre long concealed potential BIF target has been identified by RLC within its Kell 3 tenements as having potential to contain gold mineralisation.

In the Kell 7 area several high intensity magnetic responses were identified in magnetic survey data (150 and 200 metre line spaced). The anomalies are considered prospective for iron-ore and interpreted to be associated with high magnetite concentrations within mapped granitic rocks. In addition, an anomalous radiometric response recovered in airborne data suggests potential for uranium mineralisation.

Preparations for the drilling at the Bollo targets (figure 3) were completed but statutory approvals for the proposed drilling were not received. A drill rig reserved for the programme was lost to a third party and relocated to the Pilbara in early April.

Tenement applications lodged in January, have increased the Company's tenure for the Bullamine project, granted and under application, to 3,641 km<sup>2</sup>.

Work planned at Bullamine includes preliminary drilling at the Bollo targets (figure 3). Land owner approval for exploration and if applicable mining, has been obtained. Commencement of the drilling is conditional on receipt statutory approvals and contractor availability. Additional planned drilling at the Olive prospect (E70/2856) may proceed if land owner consent is obtained.

Processing and interpretation of open file airborne magnetic survey data covering the Kell 1, Ben 1 and Ben 2 areas are being undertaken during the June quarter.

Work at Bullamine is exploring for near surface iron mineralisation to form the basis for a low cost shallow open cut mining operation for magnetite from a number of pits. The existing rail service and short distance, 90 kilometres, to bulk cargo facilities at Fremantle Ports' Kwinana facility south of Perth are significant attributes of the project.

## **Tanami (NT/WA)**

## **Uranium & Gold**

RLC 100% : ELA 24885

Negotiations with the Central Land Council in connection with gaining access and consent to explore ELA 24885 were progressed during the period.

The Tanami project is located in the Northern Territory and abuts the Western Australia border. Target mineralisation is uranium precipitated and concentrated along unconformities and paleodrainage channels within sedimentary sequences or within fault zones. Gold is a secondary target.

## **Isabella (including Genoa) (WA)**

## **Uranium**

RLC 100% : ELAs E09/1702 & E09/1715

The Isabella project was initiated during the December 2009 quarter. No work of significance was conducted on the project during the report period.

The project area contains folded Edmund Group ("Bangemall Basin") rocks, unconformably overlying Gascoyne Complex gneissic, granitic and metasedimentary basement. The basement is known to be uranium-bearing. Some carbon-rich stratigraphy in the Edmund Group is anomalous in uranium. RLC believes there may be potential for economic uranium mineralisation where this stratigraphy is affected by favourable deformation structures, such as folding, faulting or shearing, which may have provided pathways for and/or trapped circulating uranium rich fluids proximal to the reducing carbonaceous environment. The company believes the geology may be analogous to that of the Rum Jungle Mineral Field in the Northern Territory, where several uranium deposits occur at similar junctions of structures and carbonaceous stratigraphy.

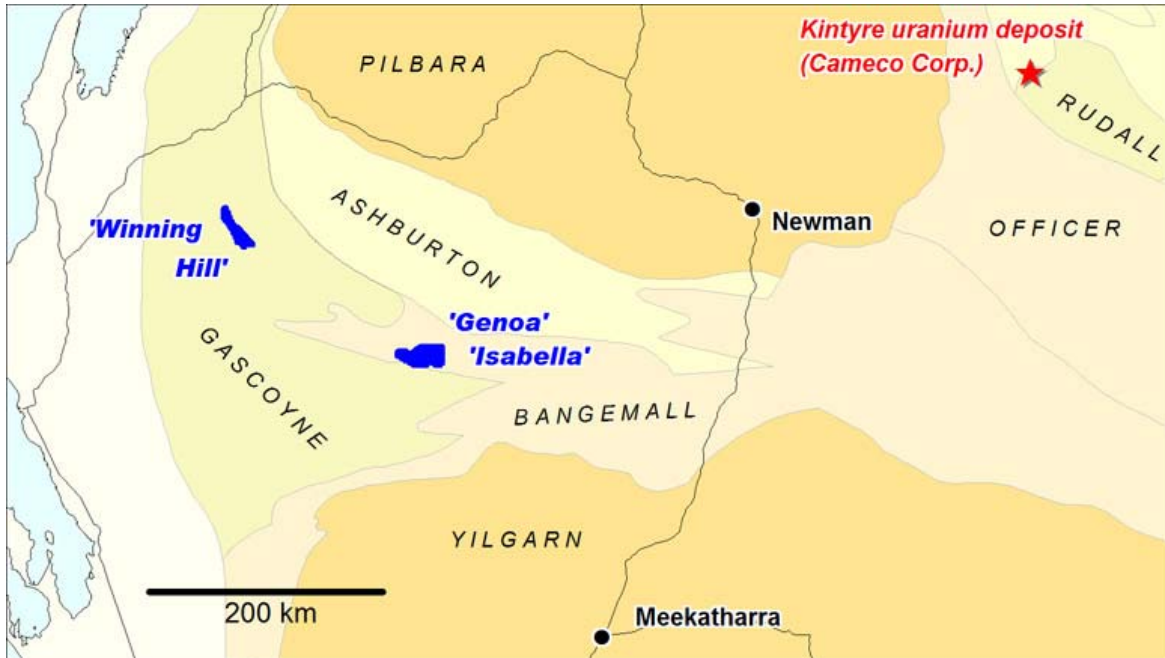


Figure 4: Winning Hill and Isabella (including Genoa) uranium projects.

Exploration, mainly for base metals, has been conducted in the region by WMC, BHP Minerals and Rio Tinto. Substantial geophysical data, including from airborne magnetic, radiometric and EM surveys acquired by the previous explorers, are available for the project area. These survey data will be used to assist in developing RLC's uranium targets. Whilst most of the prior exploration was directed towards zinc, some sample analyses were multi-element and included uranium.

**Winning Hill (WA)**

**Uranium**

RLC 100% : ELA E08/2073

The Wining Hill project was initiated during the December 2009 quarter. No work of significance was conducted on the project during the report period.

The project area covers similar stratigraphy as is present at Isabella. The rocks form a large tightly folded inlier in Gascoyne Complex basement. It was explored for unconformity-related uranium by Nord Resources (Pacific) Pty Ltd in the period 1980-1982 and in joint venture with CRA in 1981-1982. The principal target reported on by Nord-CRA was beneath surface uranium anomalism where a major oblique transcurrent fault juxtaposes Edmund Group rocks with Gascoyne Complex basement. Nord considered its drilling to have defined an anomalous zone 300 metres long and up to 30 metres wide in depleted weathered rocks. Deeper drilling by CRA targeted unweathered rocks, but failed to penetrate the fault zone. RLC believes that this drilling may have targeted the wrong area of faulted stratigraphy and the more prospective area maybe the intersection of the faulting with specific carbonaceous strata. Typical "Athabasca Basin style" uranium mineralisation is associated with carbonaceous or graphitic material where faulting cuts the unconformity between younger strata and older basement rocks.

## **Edward Creek (SA)**

## **Uranium, Copper, Gold**

**RLC 100% (excluding diamonds) (ELs 3250, 3886)**

The Edward Creek project is exploring for uranium and for copper-gold-uranium mineralisation on the north eastern margin of the Gawler Craton in South Australia.

Investigations into anomalous responses in borehole gamma surveys reported by a third party exploring the area prior to RLC's tenure were completed. Assay results from samples of drill cuttings over the anomalous interval detected negligible uranium (maximum 4.4 ppm).

Following the failure by Wallaby Resources Pty Ltd & Eromanga Hydrocarbons Limited to agree to the appointment of the joint experts nominated by the President of the Australian Institute of Mining and the terms on which the dispute process was to be carried out by the joint experts (refer ASX announcement dated 25 February) the Company discontinued the resolution process for the dispute by Wallaby and Eromanga of the termination of the Edward Creek Base Metal Joint Venture. RLC maintains its view that the joint venture has been terminated.

Preparations for the planned deep diamond hole (850 m) to test the Santorini gravity anomaly (iron-oxide copper-gold-uranium or IOCG-U target) continued. No contractor for the drilling was identified during the period, however a proposal was received in April which may enable drilling to commence at Santorini in July.



Figure 5: Location of the Santorini IOCG drill target.

No work of significance was conducted on the project during the report period.

Previous exploration at Balta targeted uranium mineralisation which may be precipitated and concentrated along unconformities and paleodrainage channels within and at the base of Mesozoic sedimentary sequences throughout the tenement area. No further exploration is planned.

## COMMENT

At 31 March 2010 RLC had \$1.63M in bank deposits and no debt. Net cash out flow for the March 2010 quarter was \$196,000 (including \$55,000 of exploration expenditure and \$115,000 deposits on new tenements applications).

During the March quarter RLC was focussed principally in gathering and processing data in connection with the significant expansion of the Bullamine project. The recognition of “magnetite schists” described in drill logs by previous explorers and their potential to be related to the anomalous magnetic responses observed in airborne data may prove significant. Some of the anomalous magnetic responses in the areas under application suggest much more extensive target rocks than the generally narrow elongate targets associated with the BIFs investigated by the Company to date.

## FORTHCOMING ACTIVITIES

The following activities are planned :-

<b>Project</b>	<b>Activity Planned</b>	<b>Timetable</b>
Bullamine <i>Iron</i>	Interpretation of geophysical survey data for Kell 1, Ben 1 & 2 Preliminary drilling at Bollo (EL E70/3462).	Jun Q Jun Q
Tanami <i>Uranium</i>	Continue negotiations for grant of EL 24885.	Ongoing
Edward Creek <i>Uranium, copper, gold</i>	Drill test (diamond) Santorini (U,Cu,Au)	July
Balta <i>Uranium</i>	No work planned during the June quarter	
Isabella <i>Uranium</i>	Continue building data-base	Jun Q
Winning Hill <i>Uranium</i>	Continue building data-base	Jun Q
New Project Development		Ongoing

All exploration activities are subject to contractor availability.

TBD = to be determined

For further information, please contact:  
Geof Fethers, Managing Director.  
Telephone: (03) 8420 6280  
or visit our Website at [www.reedylagoon.com.au](http://www.reedylagoon.com.au)

*The information in this report that relates to Exploration Results is based on information compiled by Geof Fethers and Hugh Rutter, who are members of the Australian Institute of Mining and Metallurgy (AusIMM) and the Australian Institute of Geoscientists (AIG) respectively. Geof Fethers and Hugh Rutter are directors of the Company and each has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to each qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code). Geof Fethers and Hugh Rutter consent to the inclusion in the report of the matters based on their information in the form and context in which it appears.*



Rule 5.3

# Appendix 5B

## Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

REEDY LAGOON CORPORATION LIMITED

ABN

41 006 639 514

Quarter ended ("current quarter")

31 March 2010

### Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (9 months) \$A'000
<b>Cash flows related to operating activities</b>		
1.1 Receipts from product sales and related debtors	-	40
1.2 Payments for (a) exploration and evaluation	(170)	(396)
(b) development	-	-
(c) production	-	-
(d) administration	(34)	(198)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	6	43
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material) – Net GST /PAYG paid(received/recovered)	2	7
	(196)	(504)
<b>Net Operating Cash Flows</b>		
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of: (a)prospects	-	-
(b)equity	-	-
investments	-	-
(c) other fixed assets	-	-
1.9 Proceeds from sale of: (a)prospects	-	-
(b)equity	-	-
investments	-	-
(c)other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
	-	-
<b>Net investing cash flows</b>		
1.13 Total operating and investing cash flows (carried forward)	(196)	(504)

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(196)	(504)
<b>Cash flows related to financing activities</b>			
1.14	Proceeds from issues of shares, options, etc.		
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Other (provide details if material) – GST adjustment on equity raising		
	<b>Net financing cash flows</b>	-	-
	<b>Net increase (decrease) in cash held</b>	(196)	(504)
1.20	Cash at beginning of quarter/year to date	1,824	2,132
1.21	Exchange rate adjustments to item 1.20		
1.22	<b>Cash at end of quarter</b>	1,628	1,628

**Payments to directors of the entity and associates of the directors**  
**Payments to related entities of the entity and associates of the related entities**

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2 (net of GST)	39
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25	Explanation necessary for an understanding of the transactions	\$000's
	Payment of salaries and director fees to directors	23
	Payments to director related entities for other professional fees and charges provided to Reedy by those entities in relation to exploration or other activities of Reedy	16

**Non-cash financing and investing activities**

- 2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

None

- 2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

None

+ See chapter 19 for defined terms.

### Financing facilities available

*Add notes as necessary for an understanding of the position.*

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

### Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation (assuming the drilling planned at Bullamine proceeds)	220
4.2 Development	-
<b>Total</b>	220

*In addition to the above exploration cost the Company estimates it will incur in the next quarter office and administration expenses of \$ 95,000*

### Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	9	180
5.2 Deposits at call	602	627
5.3 Bank overdraft		
5.4 Other (provide details) Term deposits	1,017	1,017
<b>Total: cash at end of quarter (item 1.22)</b>	1,628	1,824

### Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed				

+ See chapter 19 for defined terms.

6.2	Interests in mining tenements acquired or increased	E70/3462	Tenement granted	application	100%
		E70/3766	Application	nil	100%
		E70/3767	Application	nil	100%
		E70/3768	Application	nil	100%
		E70/3769	Application	nil	100%
		E70/3770	Application	nil	100%
		E70/3771	Application	nil	100%
		E70/3772	Application	nil	100%
		E70/3773	Application	nil	100%
		E70/3774	Application	nil	100%
		E70/3805	Application	nil	100%
		E70/3806	Application	nil	100%

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+ See chapter 19 for defined terms.

### Issued and quoted securities at end of current quarter

*Description includes rate of interest and any redemption or conversion rights together with prices and dates.*

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 <b>Preference securities</b> <i>(description)</i>	-	-		
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions	-	-		
7.3 <b>+Ordinary securities</b>	48,600,000	48,600,000		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	-	-		
7.5 <b>+Convertible debt securities</b> <i>(description)</i>	-	-		
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
	Total number	Number quoted	<i>Exercise price</i>	<i>Expiry date</i>
7.7 <b>Options</b> <i>(description and conversion factor)</i>	1,850,000	NONE	20 cents	31 December 2010
	1,850,000		20 cents	31 December 2010
	2,500,000		50 cents	31 March 2012
	6,000,000		30 cents	30 April 2012
	1,650,000		20 cents	31 December 2012
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 <b>Debentures</b> <i>(totals only)</i>				
7.12 <b>Unsecured notes</b> <i>(totals only)</i>				

+ See chapter 19 for defined terms.

## Compliance statement

1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).

2 This statement does give a true and fair view of the matters disclosed.

Sign here: ..... Date: 30 April 2010  
(Director)

Print name: GEOFF FETHERS

## Notes

1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.

2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.

3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.

4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.

5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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